

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Reyes Analyst: Kristina E. North Bill Number: AB 1811

Related Bills: See Prior Analysis Telephone: 845-6978 Amended Date: August 18, 2000

Attorney: Patrick Kusiak Sponsor:

SUBJECT: Farmworker Housing Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as amended May 30, 2000.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 3, 2000 AND AMENDED May 30, 2000, STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax law (B&CTL), this bill would make changes to the farmworker housing credit for construction and rehabilitation of qualified farmworker housing. Specifically, this bill would:

?? make the farmworker housing credit subject to the allocation limitations under the federal low-income housing credit;

?? allow the farmworker housing credit to be claimed when the building is placed in service (or sooner under certain conditions), rather than requiring the credit to be claimed when the farmworker housing is occupied; and

?? allow the taxpayer to request certification after paying or incurring costs, rather than requiring certification first.

This analysis does not discuss the bill's provision regarding the regulatory authority of the California Tax Credit Allocation Committee (Committee) as it does not impact this department or state income tax revenue.

SUMMARY OF AMENDMENT

The August 18, 2000, amendment:

?? deletes the phrase "the limitation set forth in" when specifying that the credit amount would be subject to Section 42(h)(1) of the Internal Revenue Code, which contains the allocation limitations for the federal credit; and

?? clarifies that the taxpayer shall apply to the Committee for the credit certification.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Johnnie Lou Rosas

9/14/00

Except as otherwise discussed, the remainder of the department's analyses of the bill as introduced February 3 and amended May 30, 2000, still apply. The implementation considerations and the Board position are restated.

Implementation Considerations

This bill would make the farmworker housing credit subject to the allocation limitation under the federal low-income housing credit. The wording of this provision is unclear, and it is not known how this language would be interpreted by the California Tax Credit Allocation Committee when it allocates credit amounts.

Implementation of the bill's other changes would not significantly impact the department's programs or procedures.

BOARD POSITION

Pending.